



Ellipsiz Ltd and its Subsidiaries
Registration Number: 199408329R

First Quarter Financial Statement and Dividend Announcement for
three months ended

30 September 2010

Statements of Financial Position

		Group			Company		
	Note	30 September 2010 \$'000	30 June 2010 \$'000	Var. %	30 September 2010 \$'000	30 June 2010 \$'000	Var. %
Non-current assets							
Property, plant and equipment	3	8,177	8,953	(9)	8	9	(11)
Intangible assets	4	34,037	34,943	(3)	4	5	(20)
Subsidiaries		-	-	-	84,495	84,754	-
Associates	5	5,189	4,692	11	3,216	3,216	-
Joint ventures		986	1,050	(6)	-	-	-
Financial assets		5,189	4,000	30	5,189	4,000	30
Amounts due from related parties		-	-	-	904	1,058	(15)
Deferred tax assets		2,177	2,221	(2)	7	3	133
		<u>55,755</u>	<u>55,859</u>	-	<u>93,823</u>	<u>93,045</u>	1
Current assets							
Inventories		10,222	10,423	(2)	-	-	-
Project-in-progress		2,500	2,904	(14)	-	-	-
Convertible loan receivable		-	-	-	-	-	-
Trade and other receivables		36,967	40,388	(8)	627	388	62
Amounts due from related parties		151	107	41	10,918	9,427	16
Cash and cash equivalents	6	43,294	38,242	13	16,548	11,680	42
Asset classified as held for sale		-	2,678	(100)	-	-	-
		<u>93,134</u>	<u>94,742</u>	(2)	<u>28,093</u>	<u>21,495</u>	31
Total assets		<u>148,889</u>	<u>150,601</u>	(1)	<u>121,916</u>	<u>114,540</u>	6
Equity attributable to Owners of the Company							
Share capital	7	87,089	86,855	-	87,089	86,855	-
Reserves		12,793	9,872	30	18,254	16,826	8
		<u>99,882</u>	<u>96,727</u>	3	<u>105,343</u>	<u>103,681</u>	2
Non-controlling interests		1,853	2,216	(16)	-	-	-
Total equity		<u>101,735</u>	<u>98,943</u>	3	<u>105,343</u>	<u>103,681</u>	2
Non-current liabilities							
Interest-bearing borrowings	8	2,846	3,550	(20)	1,885	2,204	(14)
Deferred tax liabilities		570	607	(6)	-	-	-
		<u>3,416</u>	<u>4,157</u>	(18)	<u>1,885</u>	<u>2,204</u>	(14)
Current liabilities							
Trade and other payables		31,413	32,549	(3)	1,242	1,303	(5)
Provisions		1,354	1,529	(11)	-	-	-
Amounts due to related parties		452	462	(2)	10,431	3,927	166
Interest-bearing borrowings	8	7,119	9,606	(26)	2,653	3,104	(15)
Redeemable convertible preference shares		78	78	-	-	-	-
Current tax payable		3,322	3,277	1	362	321	13
		<u>43,738</u>	<u>47,501</u>	(8)	<u>14,688</u>	<u>8,655</u>	70
Total liabilities		<u>47,154</u>	<u>51,658</u>	(9)	<u>16,573</u>	<u>10,859</u>	53
Total equity and liabilities		<u>148,889</u>	<u>150,601</u>	(1)	<u>121,916</u>	<u>114,540</u>	6

The accompanying notes form an integral part of these financial statements.

Statements of Comprehensive Income

	1 July 2010 to 30 September 2010 \$'000	1 July 2009 to 30 September 2009 \$'000	Var. %
Revenue	44,646	32,122	39
Cost of revenue	(34,327)	(24,783)	39
Gross profit	<u>10,319</u>	<u>7,339</u>	41
Other income	1,891	711	166
Distribution expenses	(4,075)	(3,589)	14
Administrative expenses	(3,827)	(3,935)	(3)
Research and development expenses	(404)	(748)	(46)
Other expenses	(723)	(481)	50
Results from operating activities	<u>3,181</u>	<u>(703)</u>	552
Finance income	7	13	(46)
Finance expenses	(139)	(163)	(15)
Net finance expenses	<u>(132)</u>	<u>(150)</u>	(12)
Share of results of associates (net of tax)	261	2	12,950
Share of results of joint ventures (net of tax)	(12)	31	(139)
Profit/(Loss) before income tax	<u>3,298</u>	<u>(820)</u>	502
Income tax expense	(116)	(20)	480
Profit/(Loss) for the period	<u>3,182</u>	<u>(840)</u>	479
Other comprehensive income			
Exchange differences on translation of financial statements of foreign operations	(2,759)	(1,253)	(120)
Exchange differences on monetary items forming part of net investments in foreign operations	721	388	86
Net change in fair value of available-for-sale financial assets, net of tax	1,189	210	466
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax	-	(14)	100
Other comprehensive income for the period, net of nil income tax	<u>(849)</u>	<u>(669)</u>	(27)
Total comprehensive income for the period	<u>2,333</u>	<u>(1,509)</u>	255
Profit/(Loss) attributable to:			
Owners of the Company	3,495	(841)	516
Non-controlling interests	(313)	1	31,400
Profit/(Loss) for the period	<u>3,182</u>	<u>(840)</u>	479
Total comprehensive income attributable to:			
Owners of the Company	2,696	(1,501)	280
Non-controlling interests	(363)	(8)	4,438
Total comprehensive income for the period	<u>2,333</u>	<u>(1,509)</u>	255
Earnings per share			
- Basic (cents)	0.68	(0.17)	500
- Diluted (cents)	<u>0.64</u>	<u>(0.17)</u>	476

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Group	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Compensation reserve \$'000	Exchange translation reserve \$'000	Accumulated losses \$'000	Total attributable to Owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
30 September 2009									
Balance as at 1 July 2009	129,578	(11,720)	-	464	(7,730)	(33,720)	76,872	2,614	79,486
Total comprehensive income for the period (Loss)/Profit for the period	-	-	-	-	-	(841)	(841)	1	(840)
Other comprehensive income									
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	(1,244)	-	(1,244)	(9)	(1,253)
Exchange differences on monetary items forming part of net investments in foreign operations	-	-	-	-	388	-	388	-	388
Net change in fair value of available-for-sale financial assets, net of tax	-	-	210	-	-	-	210	-	210
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax	-	-	(14)	-	-	-	(14)	-	(14)
Total other comprehensive income	-	-	196	-	(856)	-	(660)	(9)	(669)
Total comprehensive income for the period	-	-	196	-	(856)	(841)	(1,501)	(8)	(1,509)
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Issue of ordinary shares	133	-	-	-	-	-	133	-	133
Total contributions by and distributions to Owners	133	-	-	-	-	-	133	-	133
Total transactions with Owners	133	-	-	-	-	-	133	-	133
Balance as at 30 September 2009	129,711	(11,720)	196	464	(8,586)	(34,561)	75,504	2,606	78,110

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Group	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Compensation reserve \$'000	Exchange translation reserve \$'000	Accumulated profits \$'000	Total attributable to Owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
30 September 2010									
Balance as at 1 July 2010	86,855	(11,720)	237	1,018	(9,496)	29,833	96,727	2,216	98,943
Total comprehensive income for the period									
Profit/(Loss) for the period	-	-	-	-	-	3,495	3,495	(313)	3,182
Other comprehensive income									
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	(2,709)	-	(2,709)	(50)	(2,759)
Exchange differences on monetary items forming part of net investments in foreign operations	-	-	-	-	721	-	721	-	721
Net change in fair value of available-for-sale financial assets, net of tax	-	-	1,189	-	-	-	1,189	-	1,189
Total other comprehensive income	-	-	1,189	-	(1,988)	-	(799)	(50)	(849)
Total comprehensive income for the period	-	-	1,189	-	(1,988)	3,495	2,696	(363)	2,333
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Issue of ordinary shares	234	-	-	-	-	-	234	-	234
Value of employee services received for issue of share options	-	-	-	175	-	-	175	-	175
Value of employee services received for issue of share awards	-	-	-	50	-	-	50	-	50
Total contributions by and distributions to Owners	234	-	-	225	-	-	459	-	459
Total transactions with Owners	234	-	-	225	-	-	459	-	459
Balance as at 30 September 2010	87,089	(11,720)	1,426	1,243	(11,484)	33,328	99,882	1,853	101,735

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

Company	Share capital \$'000	Fair value reserve \$'000	Compensation reserve \$'000	Accumulated (losses)/profits \$'000	Total Equity \$'000
30 September 2009					
Balance as at 1 July 2009	129,578	-	464	(42,978)	87,064
Total comprehensive income for the period					
Loss for the period	-	-	-	(94)	(94)
Other comprehensive income					
Net change in fair value of available-for-sale financial assets, net of tax	-	210	-	-	210
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax	-	(14)	-	-	(14)
Total other comprehensive income	-	196	-	-	196
Total comprehensive income for the period	-	196	-	(94)	102
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Issue of ordinary shares	133	-	-	-	133
Total contributions by and distributions to Owners	133	-	-	-	133
Total transactions with Owners	133	-	-	-	133
Balance as at 30 September 2009	129,711	196	464	(43,072)	87,299
30 September 2010					
Balance as at 1 July 2010	86,855	237	1,018	15,571	103,681
Total comprehensive income for the period					
Profit for the period	-	-	-	14	14
Other comprehensive income					
Net change in fair value of available-for-sale financial assets, net of tax	-	1,189	-	-	1,189
Total other comprehensive income	-	1,189	-	-	1,189
Total comprehensive income for the period	-	1,189	-	14	1,203
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Issue of ordinary shares	234	-	-	-	234
Value of employee services received for issue of share options	-	-	175	-	175
Value of employee services received for issue of share awards	-	-	50	-	50
Total contributions by and distributions to Owners	234	-	225	-	459
Total transactions with Owners	234	-	225	-	459
Balance as at 30 September 2010	87,089	1,426	1,243	15,585	105,343

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Group	Note	1 July 2010 to 30 September 2010 \$'000	1 July 2009 to 30 September 2009 \$'000
Operating Activities			
Profit/(Loss) for the period		3,182	(840)
Adjustments for:			
Allowance/(Reversal of allowance) for:			
- inventory obsolescence		118	(12)
- doubtful debts from trade receivables		147	(28)
Depreciation of property, plant and equipment		1,022	1,317
Interest income		(7)	(13)
Interest expense		139	163
Bad debts written off		-	33
Property, plant and equipment written off		-	4
Inventory written off		18	196
Gain on disposal of property, plant and equipment		(4)	(41)
Gain on disposal of other financial asset		-	(14)
Gain on disposal of asset classified as held for sale		(1,681)	-
Amortisation of intangible assets		100	115
Reversal of impairment of property, plant and equipment		(28)	-
Government grant – Jobs Credit Scheme income		(8)	(206)
Insurance claim income		-	(296)
Share based expenses		225	-
Share of results of associates and joint ventures (net of tax)		(249)	(33)
Income tax expense		116	20
Operating profit before working capital changes		3,090	365
Changes in working capital:			
Inventories		(156)	464
Project-in-progress		(786)	51
Amounts due from related parties (trade)		(52)	69
Amounts due to related parties (trade)		-	1
Trade and other receivables		(8)	(1,035)
Trade and other payables		351	(466)
Insurance claims received		2,751	-
Advances from insurance claims		-	750
Restructuring costs and retrenchment costs paid		(54)	(576)
Other liabilities arising from fire incident paid		(95)	-
Release/(Placement) of pledged deposits with financial institutions		859	(114)
Cash generated from/(used in) operations		5,900	(491)
Interest received		7	13
Interest paid		(89)	(88)
Income tax paid		(140)	(206)
Cash flows generated from/(used in) operating activities		5,678	(772)
Investing Activities			
Purchase of property, plant and equipment		(535)	(335)
Purchase of intangible assets		(43)	(56)
Proceeds from disposal of property, plant and equipment		12	64
Proceeds from disposal of other financial asset		-	14
Proceeds from disposal of asset classified as held for sale		4,359	-
Additional capital injection in associate		(196)	-
Amounts due from related parties (non-trade)		7	(125)
Cash flows generated from/(used in) investing activities		3,604	(438)
Financing Activities			
Interest paid		(50)	(75)
Drawdown of bank loans		2,982	1,550
Repayment of bank loans		(5,786)	(3,192)
Repayment of hire purchase and finance lease creditors		(128)	(157)
Amounts due to related parties (non-trade)		4	-
Government grant - Jobs Credit Scheme received		8	206
Issuance of shares		234	133
Cash flow used in financing activities		(2,736)	(1,535)
Net increase/(decrease) in cash and cash equivalents		6,546	(2,745)
Cash and cash equivalents at beginning of period		36,280	31,166
Effect of exchange rate changes on balances in foreign currencies		(496)	(137)
Cash and cash equivalents at end of period	6	42,330	28,284

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

These notes form and integral part of the financial statements.

The announcement was authorised for issue by the directors on 9 November 2010.

1. Basis of Preparation

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those used in the audited financial statements for the year ended 30 June 2010. In addition, the Group has adopted new/revised FRS and INT FRS that have become effective for the financial year beginning 1 July 2010.

The financial statements were not audited or reviewed by the auditors.

2. Changes in the Accounting Policies, Methods of Computation and Accounting Standards

The Group has adopted new/revised FRS and INT FRS that have become effective for the financial year beginning 1 July 2010. The adoption of the remaining new/revised FRS and INT FRS did not result in substantial changes to the Group's and the Company's accounting policies. Additional disclosures will be required in the financial statements of the Company and its subsidiaries for the full additional disclosures will be the year ended 30 June 2011.

3. Property, Plant and Equipment

Group	Leasehold land and building \$'000	Leasehold improve- ments \$'000	Furniture and fittings \$'000	Office equipment \$'000	Computers \$'000	Motor vehicles \$'000	Plant and machinery \$'000	Mechanical and electrical facilities \$'000	Assets under construct- ion \$'000	Total \$'000
30 September 2010										
Cost										
At 1 July 2010	1,991	4,226	607	1,023	4,240	295	34,854	353	-	47,589
Additions	4	4	10	5	97	-	366	2	47	535
Disposal/Write off	-	-	-	-	(4)	-	(79)	-	-	(83)
Translation difference on consolidation	(91)	(112)	(14)	(14)	(129)	(7)	(1,301)	-	-	(1,668)
At 30 September 2010	<u>1,904</u>	<u>4,118</u>	<u>603</u>	<u>1,014</u>	<u>4,204</u>	<u>288</u>	<u>33,840</u>	<u>355</u>	<u>47</u>	<u>46,373</u>
Accumulated depreciation and impairment losses										
At 1 July 2010	146	3,447	527	892	3,680	241	29,376	327	-	38,636
Depreciation charge for the period	14	110	8	19	94	7	770	-	-	1,022
Reversal of impairment losses	-	-	-	-	-	-	-	(28)	-	(28)
Disposal/Write off	-	-	-	-	(3)	-	(72)	-	-	(75)
Translation difference on consolidation	(7)	(90)	(13)	(17)	(112)	(4)	(1,116)	-	-	(1,359)
At 30 September 2010	<u>153</u>	<u>3,467</u>	<u>522</u>	<u>894</u>	<u>3,659</u>	<u>244</u>	<u>28,958</u>	<u>299</u>	<u>-</u>	<u>38,196</u>
Carrying amount										
At 30 September 2010	<u>1,751</u>	<u>651</u>	<u>81</u>	<u>120</u>	<u>545</u>	<u>44</u>	<u>4,882</u>	<u>56</u>	<u>47</u>	<u>8,177</u>
At 1 July 2010	<u>1,845</u>	<u>779</u>	<u>80</u>	<u>131</u>	<u>560</u>	<u>54</u>	<u>5,478</u>	<u>26</u>	<u>-</u>	<u>8,953</u>

Company	Furniture and fittings \$'000	Office equipment \$'000	Computers \$'000	Total \$'000
30 September 2010				
Cost				
At 1 July 2010 and 30 September 2010	62	47	75	184
Accumulated depreciation				
At 1 July 2010	62	46	67	175
Depreciation charge for the period	-	-	1	1
At 30 September 2010	62	46	68	176
Carrying amount				
At 30 September 2010	-	1	7	8
At 1 July 2010	-	1	8	9

Leasehold land and building and plant and machinery of the Group with carrying amounts of \$1,692,000 (30 June 2010: \$1,782,000) and \$1,002,000 (30 June 2010: \$1,227,000), respectively, have been pledged to banks as securities for certain bank loans (Note 8).

The carrying amount of property, plant and equipment includes amount totalling \$737,000 (30 June 2010: \$738,000) for the Group in respect of assets acquired under hire purchase agreements and finance leases.

4. Intangible Assets

Group	Computer software \$'000	Technology licence \$'000	Intellectual property \$'000	Goodwill \$'000	Total \$'000
30 September 2010					
Cost					
At 1 July 2010	463	2,154	6,421	28,432	37,470
Additions	10	-	33	-	43
Translation difference on consolidation	(1)	(98)	(293)	(542)	(934)
At 30 September 2010	472	2,056	6,161	27,890	36,579
Accumulated amortisation and impairment losses					
At 1 July 2010	373	510	1,260	384	2,527
Amortisation for the period	10	63	27	-	100
Translation difference on consolidation	(1)	(26)	(58)	-	(85)
At 30 September 2010	382	547	1,229	384	2,542
Carrying amount					
At 30 September 2010	90	1,509	4,932	27,506	34,037
At 1 July 2010	90	1,644	5,161	28,048	34,943

Company	Computer software \$'000
30 September 2010	
Cost	
At 1 July 2010 and 30 September 2010	21
Accumulated amortisation and impairment losses	
At 1 July 2010	16
Amortisation for the period	1
At 30 September 2010	17
Carrying amount	
At 30 September 2010	4
At 1 July 2010	5

5. Associates

Upon the call up of additional capital injection by an associate, the Group through a wholly-owned subsidiary, iNETest Resources Pte Ltd has injected cash of THB4,410,000 (S\$196,000) in the associate according to its proportionate interest in the associate. After the capital injection, the effective interest held by the Group in the associate remains unchanged.

Subsequent to the balance sheet date, iNETest Resources Pte Ltd increased its shareholding in Advantech Corporation (Thailand) Co. Ltd. from 35% to 49% through the purchase of additional 14% equity interest, for a consideration of THB 3,387,580 (S\$149,000). The consideration was paid in cash on completion.

6. Cash and Cash Equivalents

Note	Group		Company	
	30 September 2010 \$'000	30 June 2010 \$'000	30 September 2010 \$'000	30 June 2010 \$'000
Cash at banks and in hand	33,302	30,352	8,512	6,176
Deposits with financial institutions	9,992	7,890	8,036	5,504
	43,294	38,242	16,548	11,680
Bank overdraft	8 (146)	(285)		
Deposits held as securities by financial institutions	8 (818)	(1,677)		
Cash and cash equivalents in the consolidated cash flow statement	42,330	36,280		

7. Share Capital

	Group and Company	
	30 September 2010 '000	30 June 2010 '000
Fully paid ordinary shares, with no par value:		
Ordinary shares		
At 1 July 2010/1 July 2009	514,228	506,940
Issuance of shares pursuant to the exercise of warrants	6,696	7,288
At 30 September 2010/30 June 2010	520,924	514,228

The Group had not acquired any treasury shares for the financial period ended 30 September 2010. There are no treasury shares held by the Group as at 30 June 2010 and 30 September 2010.

Warrants

As at 30 September 2010, there were outstanding warrants of 27,852,000 (30 September 2009: 38,009,000) which entitle warrant holders to subscribe 27,852,000 (30 September 2009: 38,009,000) new ordinary shares at the exercise price of \$0.035 per share.

Options

On 26 October 2009, the Company granted 27,200,000 options to qualified participants under the Ellipsiz Share Option Plan. The options will vest and become exercisable in three equal tranches on or after 26 October 2010, 26 October 2011 and 26 October 2012, at an exercise price of \$0.135 per share.

On 25 August 2010, the Company granted 20,500,000 options to qualified directors and employee under the Ellipsiz Share Option Plan. The options will vest and become exercisable in two equal tranches on or after 25 August 2011 and 25 August 2012 at an exercise price of \$0.14 per share and will expire on 24 August 2015.

At balance sheet date, there were 46,500,000 (30 September 2009: Nil) outstanding options.

Awards

On 25 August 2010, 2,500,000 new share awards under the Ellipsiz Restricted Stock Plan were granted by the Company to qualified directors and employees. The awards will vest on 30 June 2011.

At balance sheet date, there were 2,500,000 (30 September 2009: Nil) outstanding awards.

No options and awards were exercised or vested during the period.

8. Interest-Bearing Borrowings

Interest-bearing borrowings consist of the following:

	Note	Group		Company	
		30 September 2010 \$'000	30 June 2010 \$'000	30 September 2010 \$'000	30 June 2010 \$'000
Non-current liabilities					
Secured bank loans		104	185	-	-
Unsecured bank loans ⁽¹⁾		2,485	2,974	1,885	2,204
Obligations under hire purchase agreements and finance leases		257	391	-	-
		<u>2,846</u>	<u>3,550</u>	<u>1,885</u>	<u>2,204</u>
Current liabilities					
Bank overdraft	6	146	285	-	-
Secured bank loans		944	1,905	-	-
Unsecured bank loans ⁽¹⁾		5,565	6,935	2,653	3,104
Obligations under hire purchase agreements and finance leases		464	481	-	-
		<u>7,119</u>	<u>9,606</u>	<u>2,653</u>	<u>3,104</u>

⁽¹⁾ The unsecured bank loans of the Company are guaranteed by certain subsidiaries of the Company.

Maturity of liabilities (excluding finance lease liabilities)

	Group	
	30 September 2010 \$'000	30 June 2010 \$'000
Within 1 year	6,655	9,125
After 1 year but within 5 years	2,589	3,159
	<u>9,244</u>	<u>12,284</u>

The secured bank loans are secured on the following assets:

	Note	Group	
		30 September 2010 \$'000	30 June 2010 \$'000
Leasehold land and building	3	1,692	1,782
Plant and machinery	3	1,002	1,227
Deposits with financial institutions	6	818	1,677
Total carrying amount		<u>3,512</u>	<u>4,686</u>

Obligations under hire purchase agreements and finance leases

Group	30 September 2010			30 June 2010		
	Principal \$'000	Interest \$'000	Payments \$'000	Principal \$'000	Interest \$'000	Payments \$'000
Repayable within 1 year	464	25	489	481	34	515
Repayable after 1 year but within 5 years	257	47	304	391	44	435
	<u>721</u>	<u>72</u>	<u>793</u>	<u>872</u>	<u>78</u>	<u>950</u>

9. Results from Operating Activities

Group	1 July 2010 to 30 September 2010 \$'000	1 July 2009 to 30 September 2009 \$'000
	Other income	
Rental income from third parties	21	95
Gain on disposal of property, plant and equipment	4	41
Gain on disposal of asset classified as held-for-sale	1,681	-
Gain on disposal of other financial asset	-	14
Government grant – Jobs Credit Scheme	8	206
Insurance claim income	-	296
Sundry income	177	59
	<u>1,891</u>	<u>711</u>

Group	Note	1 July 2010 to 30 September 2010 \$'000	1 July 2009 to 30 September 2009 \$'000
Other expenses			
Allowance/(Reversal of allowance) for doubtful debts from trade receivables		147	(28)
Allowance/(Reversal of allowance) for inventory obsolescence		118	(12)
Bad debts written off		-	33
Inventory written off		18	196
Depreciation of property, plant and equipment	3	1,022	1,317
Amortisation of intangible assets	4	100	115
Reversal of impairment of property, plant and equipment		(28)	-
Property, plant and equipment written off		-	4
Exchange loss, net		695	474
		<hr/>	<hr/>

10. Net Finance Expenses

Group	1 July 2010 to 30 September 2010 \$'000	1 July 2009 to 30 September 2009 \$'000
Finance income		
Interest income from financial institutions	7	13
	<hr/>	<hr/>
Finance expenses		
Interest expenses to:		
- hire purchase arrangements and finance leases	(14)	(23)
- financial institutions	(122)	(139)
- an affiliate	(3)	(1)
	<hr/>	<hr/>
	(139)	(163)
	<hr/>	<hr/>
Net finance expenses recognised in the statement of comprehensive income	(132)	(150)
	<hr/>	<hr/>

11. Income Tax Expense

Group	1 July 2010 to 30 September 2010 \$'000	1 July 2009 to 30 September 2009 \$'000
Current tax expense:		
- current year	174	222
- withholding tax	-	19
- under/(over) provision in prior year	5	(42)
	<hr/>	<hr/>
	179	199
	<hr/>	<hr/>
Deferred tax expense:		
- origination and reversal of temporary differences	(78)	(132)
- under/(over) provision in prior year	15	(47)
	<hr/>	<hr/>
	(63)	(179)
	<hr/>	<hr/>
Total income tax expense	116	20
	<hr/>	<hr/>

12. Earnings Per Share

Group	1 July 2010 to 30 September 2010 \$'000	1 July 2009 to 30 September 2009 \$'000
Basic and diluted earnings per share is based on: Profit/(Loss) for the period attributable to Owners of the Company	<hr/>	<hr/>
	3,495	(841)
	<hr/>	<hr/>

	1 July 2010 to 30 September 2010 No. of shares '000	1 July 2009 to 30 September 2009 No. of shares '000
Weighted average number of:		
- shares outstanding during the period	514,228	506,940
- shares issued during the period pursuant to the exercise of warrants	1,653	1,800
	515,881	508,740

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options, awards and warrants with the potential ordinary shares weighted for the year outstanding.

The effect of the exercise of share options, awards and warrants on the weighted average number of ordinary shares is as follows:

	No. of shares '000	No. of shares '000
Weighted average number of share issued, used in the calculation of basic earnings per share	515,881	508,740
- dilutive effect of awards	1,005	-
- dilutive effect of warrants	25,243	-
Weighted average number of ordinary shares (diluted)	542,129	508,740

As at 30 September 2010, 46,500,000 options were excluded from the diluted weighted average number of ordinary shares calculations as their effect would have been anti-dilutive.

13. Net Asset Value Per Share

	Group	Company
Net asset value per ordinary share based on issued share capital of the Company as at		
(a) 30 September 2010	19.17	20.22
(b) 30 June 2010	18.81	20.16

14. Dividends

There was no dividend declared or recommended for the current financial period reported on or the corresponding period of the immediately preceding financial year.

15. Significant Related Party Transactions

Significant transactions with related parties are as follows:

Group	1 July 2010 to 30 September 2010 \$'000	1 July 2009 to 30 September 2009 \$'000
Sales to joint venture	7	-
Sales to other affiliates	-	97
Service income from an associate	83	62
Rental expenses paid to:		
- an associate	(9)	-
- non-controlling interests	(12)	-
- a director	(30)	(32)
Interest expense paid to affiliate ⁽¹⁾	(3)	(1)

⁽¹⁾ This relates to a corporation which a director of the Company had an interest during the financial period.

16. Interested Person Transactions

There was no significant interested person transaction during the period and the corresponding period of the immediately preceding financial year.

17. Commitments

Lease Commitments

As at 30 September 2010, commitments of the Group for minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	30 September 2010 \$'000	30 June 2010 \$'000
Receivable:		
Within 1 year	112	101
After 1 year but within 5 years	29	51
	141	152
Payable:		
Within 1 year	2,424	2,588
After 1 year but within 5 years	1,357	1,812
After 5 years	-	586
	3,781	4,986

Capital commitments

	Group	
	30 September 2010 \$'000	30 June 2010 \$'000
Capital commitments contracted but not provided for	-	80

Corporate guarantees

As at 30 September 2010, the Company provided corporate guarantees amounting to \$12,482,000 (30 June 2010: \$9,860,000) to banks for banking facilities of \$13,982,000 (30 June 2010: \$11,360,000) made available to its subsidiaries, of which the subsidiaries have utilised \$4,293,000 (30 June 2010: \$5,030,000).

18. Operating Segments

Reportable segments

Group	Distribution & Services solutions		Probe Card solutions		Eliminations		Consolidated	
	30 September 2010 \$'000	30 September 2009 \$'000	30 September 2010 \$'000	30 September 2009 \$'000	30 September 2010 \$'000	30 September 2009 \$'000	30 September 2010 \$'000	30 September 2009 \$'000
Revenue and Expense								
Total revenue from external customers	32,056	21,111	12,590	11,011			44,646	32,122
Inter-segment revenue	287	187	95	-	(382)	(187)	-	-
	32,343	21,298	12,685	11,011			44,646	32,122
Segment results	1,141	(452)	1,731	(358)	-	-	2,872	(810)
Unallocated corporate results							309	107
							3,181	(703)
Share of results of associates and joint ventures - allocated to business segment	140	120	109	(87)	-	-	249	33
Profit/(Loss) before interest income/(expense) and income tax							3,430	(670)
Interest income							7	13
Interest expense							(139)	(163)
Income tax expense							(116)	(20)
Non-controlling interests							313	(1)
Profit/(Loss) for the period							3,495	(841)

Group	Distribution & Services solutions		Probe Card solutions		Eliminations		Consolidated	
	30	30	30	30	30	30	30	30
	September 2010	June 2010	September 2010	June 2010	September 2010	June 2010	September 2010	June 2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets and Liabilities								
Segment assets	71,403	76,900	46,153	48,505	-	-	117,556	125,405
Investments in associates								
- allocated to reportable segments	1,503	1,160	3,686	3,532	-	-	5,189	4,692
Investments in joint ventures								
- allocated to reportable segments	191	218	-	-	-	-	191	218
- unallocated corporate & others							795	832
Tax receivables	23	-	54	54	-	-	77	54
Deferred tax assets	141	139	2,029	2,079	-	-	2,170	2,218
Unallocated corporate assets							22,911	17,182
Total assets							<u>148,889</u>	<u>150,601</u>
Segment liabilities	26,984	26,990	5,055	6,312	-	-	32,039	33,302
Interest-bearing borrowings	3,431	4,641	1,996	3,207	-	-	5,427	7,848
Income tax liabilities	2,434	2,423	1,096	1,140	-	-	3,530	3,563
Unallocated corporate liabilities							6,158	6,945
Total liabilities							<u>47,154</u>	<u>51,658</u>

	Distribution & Services solutions		Probe Card solutions		Eliminations		Consolidated	
	30	30	30	30	30	30	30	30
	September 2010	September 2009	September 2010	September 2009	September 2010	September 2009	September 2010	September 2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure								
- allocated to reportable segments	321	251	257	137	-	-	578	388
- unallocated corporate expenses							-	3
							<u>578</u>	<u>391</u>
Other non-cash items								
Depreciation of property, plant and equipment:								
- allocated to reportable segments	171	212	850	1,103	-	-	1,021	1,315
- unallocated corporate expenses							1	2
							<u>1,022</u>	<u>1,317</u>
Gain on disposal of property, plant and equipment								
- allocated to reportable segments	(3)	(39)	(1)	(2)	-	-	(4)	(41)
Amortisation of intangible assets								
- allocated to reportable segments	9	9	90	105	-	-	99	114
- unallocated corporate expenses							1	1
							<u>100</u>	<u>115</u>
(Reversal of)/Allowance for doubtful debts from trade receivables								
- allocated to reportable segments	-	(4)	147	(24)	-	-	147	(28)

	Distribution & Services solutions		Probe Card solutions		Eliminations		Consolidated	
	30	30	30	30	30	30	30	30
	September	September	September	September	September	September	September	September
	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(Reversal of)/Allowance for inventory obsolescence - allocated to business segments	(39)	22	157	(34)	-	-	118	(12)
Bad debts written-off - allocated to reportable segments	-	33	-	-	-	-	-	33
Inventory written-off - allocated to reportable segments	-	12	18	184	-	-	18	196
Property, plant and equipment written-off - allocated to reportable segments	-	4	-	-	-	-	-	4

Geographical segments

Group	Singapore		Other Asean Countries		China & Taiwan		USA		Europe		Other Regions		Consolidated	
	30	30	30	30	30	30	30	30	30	30	30	30	30	30
	September	September	September	September	September	September	September	September	September	September	September	September	September	September
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total revenue from external customers	12,617	11,179	8,694	6,519	10,786	5,707	7,166	5,719	1,087	1,339	4,296	1,659	44,646	32,122
Non-current segment assets	26,908	24,674	4,357	5,458	768	2,548	8,565	9,336	20	24	1,596	1,856	42,214	43,896
Investments in associates	-	-	1,503	1,160	-	-	-	-	-	-	3,686	3,532	5,189	4,692
Investments in joint ventures	-	-	191	218	795	832	-	-	-	-	-	-	986	1,050
Investments in other financial assets	5,017	3,763	-	-	-	-	-	-	172	237	-	-	5,189	4,000
Deferred tax assets	31,925	28,437	6,051	6,836	1,563	3,380	8,565	9,336	192	261	5,282	5,388	55,755	55,859
Capital expenditure	280	32	175	307	36	13	77	36	-	-	10	3	578	391

**CONFIRMATION BY THE BOARD
PURSUANT TO RULE 705(4) OF THE SGX-ST LISTING MANUAL**

We, Chong Fook Choy and Chan Wai Leong, being Non-Executive Chairman and Chief Executive Officer of Ellipsiz Ltd (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company, that to the best of our knowledge, nothing has come to our attention which may render the unaudited financial results of the Company and of the Group for the 1st quarter results ended 30 September 2010 to be false or misleading.

On behalf of the Board of Directors



*Chong Fook Choy
Non-Executive Chairman*



*Chan Wai Leong
Chief Executive Officer*

Singapore
9 November 2010



Ellipsiz Ltd and its Subsidiaries
Registration Number: 199408329R

First Quarter Financial Statements and Dividend Announcement for
three months ended

30 September 2010

Review and Commentary

- (A) A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (i) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors;**
 - (ii) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on; and**
 - (iii) any factors leading to material changes in contributions to turnover and earnings by the business or geographical segments.**

The following discussion is based on and should be read in conjunction with, the consolidated financial statements of Ellipsiz Ltd and its subsidiaries (the Group), including the notes thereto.

Results of Operations

Revenue and gross profits

For the three months ended 30 September 2010 (1Q FY2011), the Group reported revenue of \$44.6 million, a 39% growth from \$32.1 million revenue attained in the corresponding quarter of the previous financial year (1Q FY2010). Probe Card solutions (PCS) and Distribution & Services solutions (DSS) were 14% and 52% higher than their 1Q FY2010's performance respectively. The improved market conditions had also led to improved revenue for the Group's operations in most of the regions. Although there was significant improvement in the performance, the Group continues to have pressures from keen price competition and currency risk.

Gross profit attained in 1QFY2011 was \$10.3 million, an increase of 41% over \$7.3 million in 1QFY2010. Gross profit margin remained flat at 23%.

Other income

Other income increased by 166% from \$0.7 million in 1Q FY2010 to \$1.9 million in 1Q FY2011 mainly due to the recording of gain of \$1.7 million from disposal of property. The favourable variance was however partially offset by the non-recurrence of 1QFY2010's job credit grant income from government and insurance claim income totalling \$0.5 million.

Operating expenses

Total operating expenses increased marginally by 3% from \$8.8 million to \$9.0 million. In line with the increase in revenue distribution expenses increased by 14%. Other operating expense was higher mainly due to the incurrance of higher exchange losses in 1QFY2011.

Share of results of associates and joint ventures

The Group recorded profit of \$261,000 from share of results from associates but had loss of \$12,000 from share of results of its joint ventures for 1Q FY2011.

Income taxes

In 1Q FY2011, the Group recorded a tax expense of \$0.1 million, mainly for the quarter's current tax expense. This is partially offset by the reversal of deferred tax liabilities as a result of movement in temporary differences.

Net profit attributable to owners of the Company

The Group had net profits after taxes and non-controlling interests of \$3.5 million for the financial period.

Excluding the one-time gain on disposal of property, the Group had a net profit after taxes and non-controlling interests of \$1.8 million for 1Q FY2011. This was a significant improvement over the net loss of \$1.1 million (exclude the one-time insurance claim income of \$0.3 million) in 1QFY2010. Higher revenue achieved in the quarter was the main reason for this improvement.

Financial Conditions

Non-current assets

The non-current assets remained relatively flat at \$55.8 million. Detailed analysis indicated that property, plant and equipment and intangible assets decreased by 9% and 3% respectively mainly due to the depreciation and amortisation expenses during the period. Financial assets had an increase of 30% as a result of the increase in the market prices of the quoted securities held.

Current assets

Total current asset as at 30 September 2010 was \$93.1 million, a drop of 2% from \$94.7 million as at 30 June 2010. The receipt of proceeds from disposal of property and collection of receivables, partially offset by the decrease in asset classified as held for sale led to the marginal decrease.

Current liabilities and non-current liabilities

Total liabilities as at 30 September 2010 stood at \$47.2 million, a 9% decrease from \$51.7 million as at 30 June 2010. The decline was mainly attributed to repayment of bank borrowings during the quarter, which led to a 24% decrease in interest-bearing loans.

Non-controlling interests

The decrease in the non-controlling interests was due to the share of losses during the financial period.

Liquidity and Capital Reserves

The net cash inflow of the Group for financial period ended 30 September 2010 was \$6.5 million. This can be accounted by:

- (a) cash inflow of \$5.6 million for operating activities;
- (b) cash inflow of \$3.6 million for investing activities; and
- (c) cash outflow of \$2.7 million for financing activities.

The positive results in the quarter, coupled with the receipt of insurance claim income of \$2.8 million, cash flow from operating activities was an inflow of \$5.6 million in 1QFY2011.

The proceeds from disposal of property, plant and equipment led to the cash inflow for investing activities, while repayments of interest-bearing borrowings during the financial period was the main reason for the outflow of cash for financing activities.

As at 30 September 2010, the Group's cash and cash equivalents position (including fixed deposits held as securities) was \$43.3 million.

<p>(B) Where a forecast, a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.</p>
--

Not applicable.

(C) A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

For the month of September 2010, North America-based manufacturers of semiconductor equipment posted a 11% sequential decline in orders at US\$1.62 billion compared to US\$1.82 billion booking in August which, in turn, was a sequential fall of 1% from US\$1.84 billion recorded in July. Meanwhile, billings for September had increased by 1% to US\$1.58 billion from US\$1.55 billion in August. The increase for September was, however, slower than the 4% growth in August sequentially. Though the book to bill ratio was above parity at 1.03 in September, it has been declining from 1.23 recorded in July 2010 as booking rates have eased in August and September. (Source: SEMI, 21 October 2010)

Amid the abrupt slowing of business momentum in the past quarter, the Group remained cautiously optimistic over our business prospects amid the uncertainties of the global economic and financial development that threatened to negatively impact the already weakening momentum across the semiconductor, electronics manufacturing and communications industries we operate in. Moving forward, we will continue our close monitoring of market situations while building our business fundamentals.